

# HOUSE BILL No. 4402

March 18, 2003, Introduced by Rep. Shulman and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 11 (MCL 388.1611), as amended by 2002 PA 521.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 11. (1) ~~For the fiscal year ending September 30,~~  
2 ~~2002, there is appropriated for the public schools of this state~~  
3 ~~and certain other state purposes relating to education the sum of~~  
4 ~~\$10,990,148,200.00 from the state school aid fund established by~~  
5 ~~section 11 of article IX of the state constitution of 1963 and~~  
6 ~~the sum of \$198,413,500.00 from the general fund.~~ For the fiscal  
7 year ending September 30, 2003, there is appropriated for the  
8 public schools of this state and certain other state purposes  
9 relating to education the sum of ~~-\$11,259,441,400.00~~  
10 \$\_\_\_\_\_ from the state school aid fund established by

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1 section 11 of article IX of the state constitution of 1963, the  
2 sum of \$198,413,500.00 from the general fund, and the sum of  
3 \$700,000.00 from local revenues. ~~However, if legislation~~  
4 ~~authorizing the transfer of \$79,500,000.00 from the Michigan~~  
5 ~~employment security act contingent fund, penalties and interest~~  
6 ~~subaccount, is not enacted and in effect on or before October 1,~~  
7 ~~2002, there is instead appropriated from the general fund for~~  
8 ~~2002-2003 the sum of \$122,656,500.00.~~ For the fiscal year ending  
9 September 30, 2004, there is appropriated for the public schools  
10 of this state and certain other state purposes relating to  
11 education the sum of ~~\$11,246,667,400.00~~ \$\_\_\_\_\_ from  
12 the state school aid fund established by section 11 of article IX  
13 of the state constitution of 1963 and the sum of \$198,413,500.00  
14 from the general fund. In addition, available federal funds are  
15 appropriated for each of those fiscal years.

16 (2) The appropriations under this section shall be allocated  
17 as provided in this act. Money appropriated under this section  
18 from the general fund and from available federal funds shall be  
19 expended to fund the purposes of this act before the expenditure  
20 of money appropriated under this section from the state school  
21 aid fund. If the maximum amount appropriated under this section  
22 from the state school aid fund for a fiscal year exceeds the  
23 amount necessary to fully fund allocations under this act from  
24 the state school aid fund, that excess amount shall not be  
25 expended in that state fiscal year and shall not lapse to the  
26 general fund, but instead shall remain in the state school aid  
27 fund.

1 (3) If the maximum amount appropriated under this section and  
2 section 11f from the state school aid fund for a fiscal year  
3 exceeds the amount available for expenditure from the state  
4 school aid fund for that fiscal year, payments under sections  
5 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In  
6 addition, for districts beginning operations after 1994-95 that  
7 qualify for payments under section 22b, payments under  
8 section 22b shall be made so that the qualifying districts  
9 receive an amount equal to the 1994-95 foundation allowance of  
10 the district in which the district beginning operations after  
11 1994-95 is located. The amount of the payment to be made under  
12 section 22b for these qualifying districts shall be as calculated  
13 under section 22a, with the balance of the payment under  
14 section 22b being subject to the proration otherwise provided  
15 under this subsection. State payments under each of the other  
16 sections of this act from all state funding sources shall be  
17 prorated on an equal percentage basis as necessary to reflect the  
18 amount available for expenditure from the state school aid fund  
19 for that fiscal year. However, if the department of treasury  
20 determines that proration will be required under this subsection,  
21 the department of treasury shall notify the state budget  
22 director, and the state budget director shall notify the  
23 legislature at least 30 calendar days or 6 legislative session  
24 days, whichever is more, before the department reduces any  
25 payments under this act because of the proration. During the 30  
26 calendar day or 6 legislative session day period after that  
27 notification by the state budget director, the department shall

1 not reduce any payments under this act because of proration under  
2 this subsection. The legislature may prevent proration from  
3 occurring by, within the 30 calendar day or 6 legislative session  
4 day period after that notification by the state budget director,  
5 enacting legislation appropriating additional funds from the  
6 general fund, countercyclical budget and economic stabilization  
7 fund, state school aid fund balance, or another source to fund  
8 the amount of the projected shortfall.

9 (4) Except for the allocation under section 26a, any general  
10 fund allocations under this act that are not expended by the end  
11 of the state fiscal year are transferred to the state school aid  
12 fund.